NEWS CORP LTD
Form 20-F/A
December 08, 2003

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F/A

(Mark One)

¨ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2003

OR

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______

Commission file number 1-9141

THE NEWS CORPORATION LIMITED

(Exact name of Registrant as specified in its charter)

Australia

(Jurisdiction of incorporation or organization)

2 Holt Street, Sydney, New South Wales, Australia 2010

(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Ordinary Shares	New York Stock Exchange (1)
Preferred Limited Voting Ordinary Shares	New York Stock Exchange (1)
American Depositary Shares, each of which represents four Ordinary Shares of The News Corporation Limited	New York Stock Exchange
American Depositary Shares, each of which represents four Preferred Limited Voting Ordinary Shares of The News Corporation Limited	New York Stock Exchange

Guarantee of the 8 5/8% Cumulative Guaranteed Preference Shares, Series A, of Newscorp Overseas Limited	New York Stock Exchange (2)
Guarantee of the Adjustable Rate Cumulative Preference Shares, Series B, of Newscorp Overseas Limited	New York Stock Exchange (2)

(1) The listing of Registrant s Ordinary Shares and Preferred Limited Voting Ordinary Shares on the New York Stock Exchange is for technical purposes only and without trading privileges.
(2) This Guarantee does not trade separately from the Preference Shares of Newscorp Overseas Limited.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

Guarantees by The News Corporation Limited of the following securities issued by News America Incorporated: (i) 8 1/2% Senior Notes due 2005; (ii) 6.625% Senior Debentures due 2008; (iii) 7 3/8% Senior Debentures due 2008; (iv) 4.750% Senior Notes due 2010; (v) 9 1/4% Senior Debentures due 2013; (vi) 8 5/8% Senior Debentures due 2014; (vii) 7.6% Senior Debentures due 2015; (viii) 8% Senior Debentures due 2016; (ix) 7 1/4% Senior Debentures due 2018; (x) 8 1/4% Senior Debentures due 2018; (xi) Liquid Yield Option Notes due 2021; (xii) 8 7/8% Senior Debentures due 2023; (xiii) 6.55% Senior Debentures due 2023; (xiv) Senior Exchangeable BUCS due 2023 and related securities; (xv) TOPrS due 2016 and related securities; (xvi) 7 3/4% Senior Debentures due 2024; (xvii) 7 3/4% Senior Debentures due 2024; (xviii) 9 1/2% Senior Debentures due 2024; (xix) 8 1/2% Senior Debentures due 2025; (xx) 7.7% Senior Debentures due 2025; (xxi) 7.43% Senior Debentures due 2026; (xxii) 7 1/8% Senior Debentures due 2028; (xxiii) 7.3% Senior Debentures due 2028; (xxiv) 7.28% Senior Debentures due 2028; (xxv) 7.625% Senior Debentures due 2028; (xxvi) 6.703% Mandatory Par Put Remarketed Securities due 2034; (xxvii) 8.45% Senior Debentures due 2034; (xxviii) 8.15% Senior Debentures due 2036; (xxix) 6 3/4% Senior Debentures due 2038; (xxx) 7.75% Senior Debentures due 2045; (xxxi) 7.9% Senior Debentures due 2095; and (xxxii) 8 1/4% Senior Debentures due 2096.

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report.

Ordinary Shares	2,097,411,050
Preferred Limited Voting Ordinary Shares	3,230,365,260

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ¨ Item 18 x

EXPLANATORY NOTE

This Form 20-F/A hereby amends Items 18 and 19 of the Registrant s Annual Report on Form 20-F for the fiscal year ended June 30, 2003, which was filed on October 29, 2003. This amendment includes only the Annual Financial Statements for British Sky Broadcasting Group plc, which were not available at the time the original report was filed.

ITEM 18. FINANCIAL STATEMENTS

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* Previously filed on Form 20-F on October 30, 2003
** Filed herewith
*** Previously filed on Form 20-F/A on July 1, 2003

ITEM 19. EXHIBITS

Number	Description
1.1	Memorandum and Constitution of The News Corporation Limited, as amended on October 18, 1994. [1]
1.2	Amendments to the Constitution of The News Corporation Limited, dated January 31, 1995 and October 10, 1995.[2]
1.3	Extract from the Notice of Annual General Meeting of The News Corporation Limited setting forth amendments to its Constitution, adopted at its Annual General Meeting held on October 7, 1997.[3]
2.1	Amended and Restated Deposit Agreement, dated as of December 3, 1996, among The News Corporation Limited, Citibank, N.A. and the holders from time to time of American Depositary Receipts issued thereunder, representing American Depositary Shares of The News Corporation Limited each representing four Preferred Shares.[4]
2.2	Amended and Restated Deposit Agreement, dated as of October 29, 1996, among The News Corporation Limited, Citibank, N.A. and the holders from time to time of American Depositary Receipts issued thereunder, representing American Depositary Shares of The News Corporation Limited each representing four Ordinary Shares.[5]
2.3	Five Year Credit Agreement, dated as of June 27, 2003, among News America Incorporated et al, several lenders, agents and banks.[6]
2.4	Form of Preferred Ordinary Shares of The News Corporation Limited.[7]
2.5	Form of Preferred American Depositary Shares of The News Corporation Limited.[8]
2.6	Form of Ordinary Shares of The News Corporation Limited.[9]
2.7	Form of Ordinary American Depositary Shares of The News Corporation Limited.[10]
2.8	Indenture, dated as of February 28, 2001, by and among News America Incorporated, The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to the Liquid Yield Option Notes due February 28, 2021.[11]
2.9	First Supplemental Indenture, dated as of June 27, 2003, by and among News America Incorporated, The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to the Liquid Yield Option Notes due February 28, 2021. [12]
2.10	Indenture, dated as of January 28, 1993, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities.[13]
2.11	First Supplemental Indenture, dated as of March 24, 1993, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities. [14]
2.12	Second Supplemental Indenture, dated as of April 8, 1993, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited,

the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities. [15]

2.13 Third Supplemental Indenture, dated as of May 20, 1993, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities. [16]

2.14 Fourth Supplemental Indenture, dated as of May 28, 1993, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities. [17]

2.15 Fifth Supplemental Indenture, dated July 21, 1993, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities. [18]

2.16 Form of Sixth Supplemental Indenture, dated as of January 25, 1994, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities. [19]

2.17 Form of Seventh Supplemental Indenture, dated as of February 4, 1994, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities. [20]

2.18 Form of Eighth Supplemental Indenture, dated as of May 12, 1994, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities. [21]

2.19 Form of Ninth Supplemental Indenture, dated as of August 1, 1995, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities. [22]

2.20 Form of Tenth Supplemental Indenture, dated as of March 2, 2000, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities. [23]

2.21 Form of Eleventh Supplemental Indenture, dated as of February 14, 2001, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities. [24]

2.22	Twelfth Supplemental Indenture, dated as of June 27, 2003, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and U.S. Bank National Association (as successor to State Street Bank and Trust Company and The First National Bank of Boston), as Trustee, with respect to the senior debt securities. [25]
2.23	Amended and Restated Indenture, dated as of March 24, 1993, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [26]
2.24	First Supplemental Indenture, dated as of May 20, 1993, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [27]
2.25	Second Supplemental Indenture, dated as of May 28, 1993, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [28]
2.26	Third Supplemental Indenture, dated as of July 21, 1993, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [29]
2.27	Fourth Supplemental Indenture, dated as of October 20, 1995, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [30]
2.28	Fifth Supplemental Indenture, dated as of January 8, 1998, by and among News America Incorporated, The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [31]
2.29	Sixth Supplemental Indenture, dated as of March 1, 1999, by and among News America Incorporated, The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [32]
2.30	Seventh Supplemental Indenture, dated as of February 14, 2001, by and among News America Incorporated, The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [33]
2.31	Eighth Supplemental Indenture, dated as of June 27, 2003, by and among News America Incorporated, The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to senior debt securities. [34]
2.32	Indenture, dated as of November 12, 1996, by and among News America Incorporated (formerly News America Holdings Incorporated), The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to the 5% Subordinated Discount Debentures due 2016. [35]
2.33	First Supplemental Indenture, dated as of March 2, 2000, by and among News America Incorporated, The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to the 5% Subordinated Discount Debentures due 2016. [36]
2.34	Second Supplemental Indenture, dated as of February 14, 2001, by and among News America Incorporated, The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to the 5% Subordinated Discount Debentures due 2016. [37]

2.35	Third Supplemental Indenture, dated as of June 27, 2003, by and among News America Incorporated, The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to the 5% Subordinated Discount Debentures due 2016. [38]
2.36	Indenture, dated as of March 21, 2003, by and among News America Incorporated, The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to the Beneficial Unsecured exChangeable Securities. [39]
2.37	First Supplemental Indenture, dated as of June 27, 2003, by and among News America Incorporated, The News Corporation Limited, the other Guarantors named therein and The Bank of New York, as Trustee, with respect to the Beneficial Unsecured exChangeable Securities. [40]
2.38	Letter Amendment No. 1 to Five Year Credit Agreement, dated as of August 13, 2003, among News America Incorporated, several lenders, agents and banks. [41]
4.1	Stock Purchase Agreement, dated as of April 9, 2003, by and among The News Corporation Limited, Hughes Electronics Corporation and General Motors Corporation. [42]
4.2	Amendment No. 1 to the Stock Purchase Agreement, dated as of April 25, 2003, by and among The News Corporation Limited, Hughes Electronics and General Motors Corporation. [43]
4.3	Amendment No. 2 to the Stock Purchase Agreement, dated as of August 20, 2003, by and among The News Corporation Limited, Hughes Electronics Corporation and General Motors Corporation. [44]
4.4	Agreement and Plan of Merger, dated as of April 9, 2003, by and among Hughes Electronics Corporation, The News Corporation Limited and GMH Merger Sub, Inc. [45]
4.5	Amendment No. 1 to the Agreement and Plan of Merger, dated as of July 16, 2003, by and among Hughes Electronics Corporation, The News Corporation Limited and GMH Merger Sub, Inc. [46]
4.6	Employee Matters Agreement, dated as of April 9, 2003, by and between Hughes Electronics Corporation and The News Corporation Limited. [47]
4.7	Registration Rights Agreement, dated as of April 9, 2003, by and between The News Corporation Limited and General Motors Corporation. [48]
8	List of Subsidiaries.[49]
11	Standards of Business Conduct of The News Corporation Limited and Subsidiaries[50]
12.1	Certification of the Chairman and Chief Executive pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
12.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Securities Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
13.1	Certification of the Chairman and Chief Executive pursuant to USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
13.2	Certification of the Chief Financial Officer pursuant to USC Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
14.1	Consent of Deloitte & Touche LLP regarding British Sky Broadcasting Group plc.*

* Filed herewith.

[1] Incorporated by reference to Exhibit 1.3 to the Annual Report of The News Corporation Limited on Form 20-F (File No. 1-9141) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 1994.

[2] Incorporated by reference to Exhibit 1.1 to the Annual Report of The News Corporation Limited on Form 20-F (File No. 1-9141) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 1995.

[3] Incorporated by reference to Exhibit 1.3 to the Annual Report of The News Corporation Limited on Form 20-F (File No. 1-9141) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 1997.

[4] Incorporated by reference to Exhibit 4.2 to the Registration Statement of The News Corporation Limited on Form F-4 (Registration No. 333-6190) filed with the Securities and Exchange Commission on December 20, 1996.

[5] Incorporated by reference to Exhibit 4.1 to the Registration Statement of The News Corporation Limited on Form S-8 (Registration No. 333-10338) filed with the Securities and Exchange Commission on May 10, 1999.

[6] Incorporated by reference to Exhibit 10.1 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1-14595) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2003.

[7] Incorporated by reference to Exhibit (a) to the Registration Statement of The News Corporation Limited on Form 8-A (File No. 1-9141) filed with the Securities and Exchange Commission on November 2, 1994.

[8] Incorporated by reference to Exhibit A of Exhibit 4.2 to Amendment No. 1 to the Registration Statement of The News Corporation Limited on Form F-3 (Registration No. 333-13556) filed with the Securities and Exchange Commission on June 29, 2001.

[9] Incorporated by reference to Exhibit (a) to the Registration Statement of The News Corporation Limited on Form 8-A/A No. 4 (File No. 1-9141) filed with the Securities and Exchange Commission on November 2, 1994.

[10] Incorporated by reference to Exhibit A of Exhibit (c) to the Registration Statement of The News Corporation Limited on Form 8-A (File No. 1-9141) filed with the Securities and Exchange Commission on November 2, 1994.

[11] Incorporated by reference to Exhibit 4.1 to Amendment No. 1 to the Registration Statement of The News Corporation Limited on Form F-3 (Registration No. 333-13556) filed with the Securities and Exchange Commission on June 29, 2001.

[12] Incorporated by reference to Exhibit 4.29 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1-14595) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2003.

[13] Incorporated by reference to Exhibit 2 to the Report of The News Corporation Limited on Form 6-K filed with the Securities and Exchange Commission dated January 28, 1993.

[14] Incorporated by reference to Exhibit 2 to the Report of The News Corporation Limited on Form 6-K filed with the Securities and Exchange Commission dated April 26, 1993.

[15] Incorporated by reference to Exhibit 3 to the Report of The News Corporation Limited on Form 6-K filed with the Securities and Exchange Commission dated April 26, 1993.

[16] Incorporated by reference to Exhibit 4.7 to the Registration Statement of News America Holdings Incorporated (currently News America Incorporated) on Form F-3 (Registration No. 33-63604) and Post-Effective Amendment No. 1 to the Registration Statement on Form F-3 of News America Holdings Incorporated (Registration No. 33-59688) filed with the Securities and Exchange Commission on May 28, 1993.

[17] Incorporated by reference to Exhibit 4.8 to the Registration Statement of News America Holdings Incorporated (currently News America Incorporated) on Form F-3 (Registration No. 33-63604) and Post-Effective Amendment No. 1 to the Registration Statement on Form F-3 of News America Holdings Incorporated (Registration No. 33-59688) filed with the Securities and Exchange Commission on May 28, 1993.

[18] Incorporated by reference to Exhibit 4.6 to the Registration Statement of News America Holdings Incorporated (currently News America Incorporated) on Form F-3 (Registration No. 33-74574) filed with the Securities and Exchange Commission on January 28, 1994.

[19] Incorporated by reference to Exhibit 4.7 to Amendment No. 1 to the Registration Statement of News America Holdings Incorporated (currently News America Incorporated) on Form F-3 (Registration No. 33-74574) filed with the Securities and Exchange Commission on February 4, 1994.

[20] Incorporated by reference to Exhibit 4.8 to Amendment No. 1 to the Registration Statement of News America Holdings Incorporated (currently News America Incorporated) on Form F-3 (Registration No. 33-79334) filed with the Securities and Exchange Commission on June 14, 1994.

[21] Incorporated by reference to Exhibit 4.9 to Amendment No. 1 to the Registration Statement of News America Holdings Incorporated (currently News America Incorporated) on Form F-3 (Registration No. 33-79334) filed with the Securities and Exchange Commission on June 14, 1994.

[22] Incorporated by reference to Exhibit 4.10 to the Registration Statement of News America Holdings Incorporated (currently News America Incorporated) on Form F-3 (Registration No. 33-94868) filed with the Securities and Exchange Commission on July 24, 1995.

[23] Incorporated by reference to Exhibit 10.12 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1-14595) filed with the Securities and Exchange Commission on September 28, 2001.

[24] Incorporated by reference to Exhibit 10.13 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1-14595) filed with the Securities and Exchange Commission on September 28, 2001.

[25] Incorporated by reference to Exhibit 4.14 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1-14595) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2003.

[26] Incorporated by reference to Exhibit 4.1 to Amendment No. 1 to the Registration Statement of News America Holdings Incorporated (currently News America Incorporated) on Form F-3 (Registration No. 33-59688) filed with the Securities and Exchange Commission on March 24, 1993.

[27] Incorporated by reference to Exhibit 4.2 to the Registration Statement of The News America Holdings Incorporated (currently News America Incorporated) on Form F-3 (Registration No. 33-63604) and Post-Effective Amendment No. 1 to the Registration Statement of News America Holdings Incorporated on Form F-3 (Registration No. 33-59688) filed with the Securities and Exchange Commission on May 28, 1993.

[28] Incorporated by reference to Exhibit 4.3 to the Registration Statement of News America Holdings Incorporated (currently News America Incorporated) on Form F-3 (Registration No. 33-63604) and Post-Effective Amendment No. 1 to the Registration Statement of News America Holdings Incorporated on Form F-3 (Registration No. 33-59688) filed with the Securities and Exchange Commission on May 28, 1993.

[29] Incorporated by reference to Exhibit 4.14 to Amendment No. 1 to the Registration Statement of News America Holdings Incorporated (currently News America Incorporated) on Form F-3 (Registration No. 33-98238) filed with the Securities and Exchange Commission on October 23, 1995.

[30] Incorporated by reference to Exhibit 4.15 to Amendment No. 1 to the Registration Statement of News America Holdings Incorporated (currently News America Incorporated) on Form F-3 (Registration No. 33-98238) filed with the Securities and Exchange Commission on October 23, 1995.

[31] Incorporated by reference to Exhibit 4.6 to the Registration Statement of News America Incorporated on Form F-4 (Registration No. 333-8744) filed with the Securities and Exchange Commission on May 12, 1998.

[32] Incorporated by reference to Exhibit 10.20 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1-14595) filed with the Securities and Exchange Commission on September 28, 2001.

[33] Incorporated by reference to Exhibit 10.21 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1-14595) filed with the Securities and Exchange Commission on September 28, 2001.

[34] Incorporated by reference to Exhibit 4.23 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1-14595) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2003.

[35] Incorporated by reference to Exhibit 4(i) to the Registration Statement of The News Corporation Limited on Form F-3 (Registration No. 333-6896) filed with the Securities and Exchange Commission on May 9, 1997.

[36] Incorporated by reference to Exhibit 2.39 to the Annual Report of The News Corporation Limited on Form 20-F (File No. 1-9141) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2001.

[37] Incorporated by reference to Exhibit 2.40 to the Annual Report of The News Corporation Limited on Form 20-F (File No. 1-9141) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2001.

[38] Incorporated by reference to Exhibit 4.27 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (file No. 1-14595) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2003.

[39] Incorporated by reference to Exhibit 4.1 Amendment No. 1 to the Registration Statement on Form F-3/S-3 of News America Incorporated (Registration No. 333-106837) filed with the Securities and Exchange Commission on August 19, 2003.

[40] Incorporated by reference to Exhibit 4.2 Amendment No. 1 to the Registration Statement on Form F-3/S-3 of News America Incorporated (Registration No. 333-106837) filed with the Securities and Exchange Commission on August 19, 2003.

[41] Incorporated by reference to Exhibit 10.2 to the Annual Report of Fox Entertainment Group, Inc. on Form 10-K (File No. 1-9141) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2003.

[42] Incorporated by reference to Exhibit 99.A to the Current Report on Form 6-K of The News Corporation Limited (Registration No. 1-9141) filed with the Securities and Exchange Commission on April 14, 2003.

[43]. Incorporated by reference to Exhibit 2.2 to the Registration Statement of The News Corporation Limited on Form F-4 (Registration No. 333-105853) filed with the Securities and Exchange Commission on June 5, 2003.

[44] Incorporated by reference to Exhibit 2.7 to Amendment No. 2 to the Registration Statement of The News Corporation Limited on Form F-4 (Registration Statement No. 333-105853) filed with the Securities and Exchange Commission on August 21, 2003.

[45] Incorporated by reference to Exhibit 99.B to the Current Report on Form 6-K of The News Corporation Limited (Registration No. 1-9141) filed with the Securities and Exchange Commission on April 14, 2003.

[46] Incorporated by reference to Exhibit 2.5 to Amendment No. 1 to the Registration Statement of The News Corporation Limited on Form F-4 (Registration No. 333-105853) filed with the Securities and Exchange Commission on July 24, 2003.

[47] Incorporated by reference to Exhibit 99.5 to the Registration Statement of The News Corporation Limited on Form F-4 (Registration No. 333-105853) filed with the Securities and Exchange Commission on June 5, 2003.

[48] Incorporated by reference to Exhibit 99.6 to the Registration Statement of The News Corporation Limited on Form F-4 (Registration No. 333-105853) filed with the Securities and Exchange Commission on June 5, 2003.

[49] Incorporated by reference to Exhibit 8 to the Annual Report of The News Corporation Limited on Form 20-F (File No. 1-9141) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2003.

[50] Incorporated by reference to Exhibit 11 to the Annual Report of The News Corporation Limited on Form 20-F (File No. 1-9141) filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2003.

INDEX TO FINANCIAL STATEMENTS

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* Previously filed on Form 20-F on October 30, 2003
** Filed herewith
*** Previously filed on Form 20-F/A on July 1, 2003

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Members of:

British Sky Broadcasting Group plc

Grant Way

Isleworth

Middlesex

TW7 5QD

We have audited the accompanying consolidated balance sheets of British Sky Broadcasting Group plc and subsidiaries (collectively, the Group) as at June 30, 2002 and 2003, and the related consolidated profit and loss accounts, consolidated statements of total recognized gains and losses, and consolidated cash flow statements for each of the three years in the period ended June 30, 2003, and notes thereto, all expressed in pounds sterling. These consolidated financial statements are the responsibility of the Group s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2002 and 2003, and the consolidated results of its operations and its consolidated cash flows for each of the three years in the period ended June 30, 2003 in conformity with accounting principles generally accepted in the United Kingdom.

Accounting principles generally accepted in the United Kingdom vary in significant respects from accounting principles generally accepted in the United States of America. The application of the latter would have affected the determination of consolidated net profit (loss) for each of the three years in the period ended June 30, 2003 and determination of consolidated shareholders funds (deficit) at June 30, 2002 and 2003, to the extent summarized in Note 28 to the consolidated financial statements.

Our audits also comprehended the translation of pounds sterling amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 28. Such U.S. dollar amounts are presented solely for the convenience of readers in the United States of America.

As discussed in Note 28 to the consolidated financial statements, the Group was required to adopt Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, effective July 1, 2002.

DELOITTE & TOUCHE LLP

London, United Kingdom

August 11, 2003

(October 16, 2003 as to notes 26, 28, 30 and 31)

CONSOLIDATED PROFIT AND LOSS ACCOUNTS

		June 30, 2001			June 30, 2002			June 30, 2003		
	Notes	Before goodwill and exceptional items	Goodwill and exceptional items	Total	Before goodwill and exceptional items	Goodwill and exceptional items	Total	Before goodwill and exceptional items	Goodwill and exceptional items	Total
		£m	£m	£m	£m	£m	£m	£m	£m	£m
Turnover: Group turnover and share of joint ventures turnover		2,530.1		2,530.1	2,915.3		2,915.3	3,262.5		3,262.5
Less: Share of joint ventures turnover		(224.1)		(224.1)	(139.2)		(139.2)	(76.5)		(76.5)
Group turnover	2	2,306.0		2,306.0	2,776.1		2,776.1	3,186.0		3,186.0
Operating expenses, net	3	(2,145.8)	(67.4)	(2,213.2)	(2,584.6)	(136.5)	(2,721.1)	(2,815.3)	(116.7)	(2,932.0)
Operating profit (loss)		160.2	(67.4)	92.8	191.5	(136.5)	55.0	370.7	(116.7)	254.0
Share of operating results of joint ventures	5	(239.2)	(16.5)	(255.7)	(76.7)		(76.7)	3.4		3.4
Joint ventures goodwill amortization, net*	14		(101.1)	(101.1)		(1,069.9)	(1,069.9)			
Profit on sale of fixed asset investments	4					2.3	2.3			
Share of joint venture s loss on sale of fixed asset investment	4		(69.5)	(69.5)						
Amounts written off fixed asset investments, net	4		(38.6)	(38.6)		(60.0)	(60.0)		(15.1)	(15.1)
(Provision) release of provision for loss on disposal of subsidiary	4		(10.0)	(10.0)		10.0	10.0			
(Loss) profit on ordinary activities before interest and		(79.0)	(303.1)	(382.1)	114.8	(1,254.1)	(1,139.3)	374.1	(131.8)	242.3

taxation										
Interest receivable and similar income	6	18.2	2.7	20.9	11.1		11.1	3.7		3.7
Interest payable and similar charges	6	(153.3)		(153.3)	(148.0)		(148.0)	(118.2)		(118.2)
(Loss) profit on ordinary activities before taxation	7	(214.1)	(300.4)	(514.5)	(22.1)	(1,254.1)	(1,276.2)	259.6	(131.8)	127.8
Tax on (loss) profit on ordinary activities	9	(23.3)	(0.8)	(24.1)	(28.6)	(77.8)	(106.4)	(58.7)	121.2	62.5
(Loss) profit on ordinary activities after taxation		(237.4)	(301.2)	(538.6)	(50.7)	(1,331.9)	(1,382.6)	200.9	(10.6)	190.3
Equity dividends paid and proposed	10									
Retained (loss) profit for the financial year	24			(538.6)			(1,382.6)			190.3
Basic (loss) earnings per share	11			(29.2p)			(73.3p)			9.9p
Diluted (loss) earnings per share	11			(29.2p)			(73.3p)			9.8p

Details of movements on reserves are shown in note 24.

All results relate to continuing operations.

* Included within fiscal 2002 joint ventures goodwill amortization of £1,069.9 million for the year is £971.4 million in respect of an impairment of KirchPayTV GmbH & Co KGaA (KirchPayTV) goodwill (see notes 4 and 14).

CONSOLIDATED STATEMENTS OF TOTAL RECOGNIZED GAINS AND LOSSES

	Notes	June 30, 2001	June 30, 2002	June 30, 2003
		£m	£m	£m
(Loss) profit for the financial year*	24	(538.6)	(1,382.6)	190.3
Net loss on deemed disposals	24	(20.7)		
Translation differences on foreign currency net investment	24	(2.1)	1.4	
Total recognized gains and losses relating to the year		(561.4)	(1,381.2)	190.3

* Included within the profit (loss) for the year is a £1.5 million profit (2002: £80.9 million loss; 2001: £350.0 million loss) in respect of the Group s share of the results of joint ventures.

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

	Notes	June 30, 2002	June 30, 2003
		£m	£m
Fixed assets			
Intangible assets	12	657.4	535.9
Tangible assets	13	343.0	346.2
Investments:			
Investments in joint ventures: Share of gross assets		88.7	86.8
: Share of gross liabilities		(68.5)	(59.0)
: Transfer to creditors		1.6	2.6
Total investment in joint ventures	14	21.8	30.4
Other fixed asset investments	15	107.1	78.5
Total investments		128.9	108.9
		1,129.3	991.0
Current assets			
Stocks	16	414.2	370.4
Debtors: Amounts falling due within one year			
deferred tax assets	18	13.9	30.8
other		387.0	363.3
	17	400.9	394.1
Debtors: Amounts falling due after more than one year			
deferred tax assets	18	24.9	159.0
other		182.1	63.9
	17	207.0	222.9
Cash at bank and in hand		50.3	46.4
		1,072.4	1,033.8
Creditors: Amounts falling due within one year			
short-term borrowings	19	(1.5)	(0.2)
other creditors	19	(903.9)	(955.0)
		(905.4)	(955.2)
Net current assets		167.0	78.6
Total assets less current liabilities		1,296.3	1,069.6
Creditors: Amounts falling due after more than one year			
long-term borrowings	20	(1,576.9)	(1,151.6)
other creditors	20	(16.0)	(20.5)
		(1,592.9)	(1,172.1)

Provisions for liabilities and charges	22	(4.1)	(3.2)
		(300.7)	(105.7)
Capital and reserves equity			
Called-up share capital	23	946.7	968.9
Share premium	24	2,409.8	2,535.5
Shares to be issued	24	255.8	2.7
Merger reserve	24	266.7	299.0
Profit and loss account	24	(4,179.7)	(3,911.8)
Total shareholders deficit	24	(300.7)	(105.7)

See notes to consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENTS

	Notes	June 30, 2001	2002	2003
		£m	£m	£m
Net cash inflow from operating activities	a	38.9	249.7	663.6
Dividends received from joint ventures				4.0
Returns on investments and servicing of finance				
Interest received and similar income		4.6	8.8	3.2
Interest paid and similar charges on external financing		(118.6)	(141.0)	(127.3)
Interest element of finance lease payments		(1.7)	(0.6)	(0.5)
Net cash outflow from returns on investments and servicing of finance		(115.7)	(132.8)	(124.6)
Taxation				
UK corporation tax paid				(17.6)
Consortium relief (paid) received		(16.2)	22.5	(0.3)
Net cash (outflow) inflow from taxation		(16.2)	22.5	(17.9)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(133.3)	(100.8)	(98.4)
Payments to acquire fixed asset investments		(25.5)		
Receipts from sales of tangible fixed assets				0.6
Receipts from sales of fixed asset investments			0.4	0.8
Receipts from sales of intangible fixed assets		0.2	0.6	
Purchase of own shares for Employee Share Ownership Plan (ESOP)			(26.9)	
Net cash outflow from capital expenditure and financial investment		(158.6)	(126.7)	(97.0)
Acquisition and disposals				
Purchase of subsidiary undertakings		(27.3)		
New cash acquired with subsidiary undertakings		11.7		
Funding to joint ventures		(137.3)	(11.6)	(14.6)
Repayments of funding from joint ventures			4.8	4.5
Net cash outflow from acquisitions and disposals		(152.9)	(6.8)	(10.1)
Net cash (outflow) inflow before management of liquid resources and financing		(404.5)	5.9	418.0
Management of liquid resources				
Decrease in short-term deposits	c	85.0	69.5	0.5
Financing				
Proceeds from issue of Ordinary Shares		6.5	14.3	4.8
Payments made on the issue of Ordinary Shares		(3.5)	(1.8)	(0.1)
Capital element of finance lease payments	b	(2.1)	(1.7)	(1.6)
Net increase (decrease) in total debt	b	359.7	(190.0)	(425.0)
Net cash inflow (outflow) from financing		360.6	(179.2)	(421.9)
Increase (decrease) in cash	c	41.1	(103.8)	(3.4)
(Increase) decrease in net debt	c	(401.5)	18.4	422.7

See notes to consolidated financial statements.

a) Reconciliation of operating profit to operating cash flows

	2001			2002			2003		
	Before goodwill and exceptional items	Goodwill and exceptional items	Total	Before goodwill and exceptional items	Goodwill and exceptional items	Total	Before goodwill and exceptional items	Goodwill and exceptional items	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Operating profit (loss)	160.2	(67.4)	92.8	191.5	(136.5)	55.0	370.7	(116.7)	254.0
Depreciation	64.1	7.0	71.1	81.1		81.1	97.9		97.9
Amortization of goodwill and other intangible fixed assets		44.3	44.3	0.1	118.3	118.4		121.5	121.5
Profit on sale of fixed assets							(0.3)		(0.3)
(Increase) decrease in stock	(43.1)		(43.1)	9.9		9.9	43.8		43.8
(Increase) decrease in debtors	(23.4)		(23.4)	77.9	22.3	100.2	88.0		88.0
Increase (decrease) in creditors	59.8		59.8	(80.5)		(80.5)	59.6		59.6
Provision provided (utilized), net	0.3	(162.9)	(162.6)	(0.3)	(34.1)	(34.4)	(0.9)		(0.9)
Net cash inflow (outflow) from operating activities	217.9	(179.0)	38.9	279.7	(30.0)	249.7	658.8	4.8	663.6

b) Analysis of changes in net debt

	At July 1, 2001	Cash flow	At July 1, 2002	Cash flow	At June 30, 2003
	£m	£m	£m	£m	£m
Overnight deposits	91.9	(53.2)	38.7	(6.0)	32.7
Other cash	61.7	(50.6)	11.1	2.6	13.7
	153.6	(103.8)	49.8	(3.4)	46.4
Short-term deposits	70.0	(69.5)	0.5	(0.5)	
Cash at bank and in hand	223.6	(173.3)	50.3	(3.9)	46.4

Debt due after more than one year	(1,759.1)	190.0	(1,569.1)	425.0	1,144.1)
Finance leases	(11.0)	1.7	(9.3)	1.6	(7.7)
Total debt	(1,770.1)	191.7	(1,578.4)	426.6	1,151.8)
Total net debt	(1,546.5)	18.4	(1,528.1)	422.7	(1,105.4)

c) Reconciliation of net cash flow to movement in net debt

	2001	2002	2003
	£m	£m	£m
Increase (decrease) in cash	41.1	(103.8)	(3.4)
Decrease in short-term deposits	(85.0)	(69.5)	(0.5)
Cash (inflow) outflow resulting from (increase) decrease in debt and lease financing	(357.6)	191.7	426.6
(Increase) decrease in net debt	(401.5)	18.4	422.7
Net debt at beginning of year	(1,145.0)	(1,546.5)	(1,528.1)
Net debt at end of year	(1,546.5)	(1,528.1)	(1,105.4)

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d) Major non-cash transactions

2003

Issue of shares deferred consideration for British Interactive Broadcasting Holdings Limited (BiB)

On November 11, 2002, the Company issued 43.2 million shares with a fair value of £253.1 million to HSBC, Matsushita and BT in respect of deferred consideration for the acquisition of the remaining 67.5% of BiB in May and June 2001.

2002

Impairment of investment in KirchPayTV

Effective December 31, 2001, the Group wrote down the carrying value of its investment in KirchPayTV to nil (see note 14). The write-down resulted in a net non-cash exceptional charge to the profit and loss account of £971.4 million.

2001

Acquisition of 67.5% of BiB

During 2001, the Group acquired a further 67.5% of BiB, 47.6% on May 9, 2001 and 19.9% on June 28, 2001, increasing the Group s interest to 100%. The consideration was satisfied by the issue to HSBC, Matsushita and BT of 39,674,765 new BSkyB shares, with a fair value of £290.9 million and deferred consideration of new BSkyB shares or loan notes, with a fair value of £253.1 million, payable 18 months after the date of acquisition. Our Board determined that there was no genuine commercial possibility that loan notes will be issued and therefore this deferred consideration was included within Shareholders funds as Shares to be issued .

Acquisition of 100% of Sports Internet Group (SIG)

In July 2000, the Group acquired 100% of SIG. The consideration was satisfied by the issue to SIG shareholders of 21,633,099 new BSkyB shares, with a fair value of £267.3 million.

Acquisition of 5% of WAPTV

In May 2001, the Group acquired the remaining 5% minority interest in WAPTV. The consideration was satisfied by the issue of 169,375 new BSkyB shares, with a fair value of £1.3 million and contingent consideration of 508,130 new BSkyB shares with a fair value of £3.7 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

Description of business

British Sky Broadcasting Group plc and its subsidiaries (collectively, the Group) operate a leading pay TV service, principally in the UK and Ireland, deriving revenues from television broadcasting services and certain ancillary functions which are provided to both retail and wholesale customers.

Sky is an established and widely recognized brand, with a reputation for quality and innovation. Sky operates and distributes 25 wholly-owned channels and retails a further 91 third party channels to direct-to-home viewers via its digital service. In addition to this, Sky operates the Sky Box Office service, which provides pay-per-view services covering films, sporting events and concerts.

The principal accounting policies are summarized below. All of these have been applied consistently throughout the year and the two preceding years.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain investments, and in accordance with applicable UK financial reporting and accounting standards, which differ in certain significant respects from those applicable in the US (see note 28).

b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings. All companies are consolidated using acquisition accounting and all inter-company balances and transactions have been eliminated on consolidation.

In the preparation of these consolidated financial statements, estimates and assumptions have been made by management concerning selection of useful economic lives of fixed assets and goodwill, provisions necessary for trade receivables and liabilities, the carrying value of investments, income tax valuation allowances and other similar evaluations. Actual results could differ from those estimates.

The Group maintains a 52 or 53 week fiscal year ending on the Sunday nearest to June 30, in each year. In fiscal year 2003 this date was June 29, 2003, this being a 52 week year (2002: June 30, 2002, 52 week year; 2001: July 1, 2001, 52 week year).

c) Acquisitions

On the acquisition of a business, fair values are attributed to the Group s share of separable net assets acquired. Adjustments are also made to bring the accounting policies into line with those of the Group. Where statutory merger relief is applicable, the difference between the fair value of the shares issued as purchase consideration and the nominal value of the shares issued as purchase consideration is treated as a merger reserve in the consolidated accounts. The results and cash flows relating to an acquired business are included in the consolidated profit and loss account and the consolidated cash flow statement from the date of acquisition.

On disposal or closure of a previously acquired business, any goodwill previously written off to reserves will be included in calculating the profit or loss on disposal.

d) Goodwill and other intangible assets

Where the cost of acquisition exceeds the fair values attributable to the net assets acquired, the difference is treated as purchased goodwill and capitalized on the Group balance sheet in the year of acquisition. Purchased goodwill arising on acquisitions from July 1, 1998 is capitalized. Prior to July 1, 1998, goodwill arising on acquisitions was eliminated against reserves. As permitted by FRS 10 Goodwill and Intangible Assets, this goodwill has not been restated on the balance sheet.

Other intangible assets, all of which have been acquired which are controlled through custody or legal rights and could be sold separately from the rest of the business are capitalized, where fair value can be reliably measured.

Where capitalized goodwill and intangible assets are regarded as having a limited useful economic life, the cost is amortized on a straight-line basis over that life, of up to 20 years. Impairment reviews are carried out to ensure that goodwill and intangible assets are not carried at above their recoverable amounts. Any amortization or impairment write-downs are charged to the profit and loss account.

e) Interests in joint ventures

Joint ventures are entities in which the Group holds a long-term interest and shares control under a contractual arrangement. These investments are dealt with by the gross equity method of accounting. Provision is made within creditors where the Group s share of a joint venture s losses exceeds the Group s funding to date.

f) Fixed asset investments

The Company s shares held by the ESOP are included in the consolidated balance sheet as fixed asset investments until such time as the interest in the shares is transferred unconditionally to the employees. Provision is made for any permanent diminution in the value of shares held by the ESOP.

A charge is made in the profit and loss account in relation to the shares held by the ESOP for awards under the Long-Term Incentive Plan (LTIP), the Key Contributor Plan (KCP) and the Equity Bonus Plan (EBP), based on an assessment of the probability of the performance criteria under the LTIP, KCP and EBP being met. The charge is allocated on a straight-line basis over the vesting periods of the LTIP, KCP and EBP.

The Group s other fixed asset investments are stated at cost, less any provision for permanent diminution in value.

g) Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. Land and assets in the course of construction are not depreciated.

Depreciation is provided to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life. Principal annual rates used for this purpose are:

Freehold buildings	4%
Leasehold improvements	Lower of lease period or life of the asset

Equipment, fixtures and fittings:	
Fixtures and fittings	10% 20%
Computer equipment	20% 33⅓%
Technical equipment	10% 20%
Motor vehicles	25%

h) Impairment of fixed assets and goodwill

Intangible fixed assets, goodwill and tangible fixed assets are reviewed for impairment if events or circumstances indicate that the carrying value may not be recoverable. Goodwill and intangible fixed assets are also reviewed for impairment at the end of the first full financial year after acquisition. Should an impairment review be required, this is performed in accordance with FRS 11 Impairment of fixed assets and goodwill.

i) Stocks

Television program rights

Program rights are stated at cost (including, where applicable, estimated escalation payments) less accumulated amortization. Provisions are made for any program rights which are surplus to Group requirements or which will not be shown for any other reason.

Contractual obligations for program rights not yet available for transmission are not included in the cost of program rights, but are disclosed as contractual commitments (see note 25). Payments made upon receipt of commissioned and acquired programming, but in advance of the legal right to broadcast the programs, are treated as prepayments.

Acquired and commissioned program rights are recorded in stock at cost when the programs are available for transmission.

Amortization is provided to write off the cost of acquired and commissioned program rights as follows:

Sports	100% on first showing, or where contracts provide for sports rights for multiple seasons or competitions, the amortization of each contract is based on anticipated revenue.
Current affairs	100% on first showing.
General entertainment	Straight-line basis on each transmission at the following rates: One showing planned 100% Two showings planned 60%; 40% Three showings planned 50%; 30%; 20% Four showings planned 40%; 30%; 20%; 10%
Movies	Acquired movies are amortized on a straight-line basis over the period of transmission rights. Where acquired movie rights provide for a second availability window, 10% of the cost is allocated to that window. Own movie productions are amortized in line with anticipated revenue over a maximum of five years.

Set-top boxes and related equipment

Set-top boxes and related equipment include digital set-top boxes, Low Noise Blockers (LNBs) and mini-dishes. These stocks are valued at the lower of cost and Net Realizable Value (NRV) (which reflects the value to the business of the set-top box and the related equipment in the hands of the customer). Any subsidy is expensed on enablement, which is the process of activating the viewing card once inserted in the set-top box upon installation, so as to enable a viewer to view encrypted broadcast services, and effectively represents the completion of the installation process for new subscribers.

Raw materials, consumables and goods held for resale

Raw materials, consumables and goods held for resale are valued at the lower of cost and NRV.

j) Transponder rentals

Payments made in advance to secure satellite capacity have been recorded as prepaid transponder rentals. These payments are amortized on a straight-line basis to the profit and loss account from commencement of broadcasting to the end of the rental period, normally ten years.

k) Taxation

Corporation tax payable is provided at current rates on all taxable profits.

l) Deferred taxation

Deferred tax is recognized in respect of timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognized only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which carried forward tax losses can be offset and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

m) Foreign currency

Trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign exchange contract or other hedging instrument. Monetary assets, liabilities and commitments denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or, if hedged, at the appropriate hedged rate.

The results of overseas subsidiaries and joint ventures are translated at the average rates of exchange during the period and the balance sheet is translated at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of the overseas subsidiaries and joint ventures and on foreign currency borrowings, to the extent that they hedge the Group s investment in these operations, are dealt with through reserves.

n) Derivatives and other financial instruments

The Group uses a limited number of derivative financial instruments to hedge its exposures to fluctuations in interest and foreign exchange rates. Instruments accounted for as hedges are structured so as to reduce the market risk associated with the underlying transaction being hedged and are designated as a hedge at the inception of the contract. Receipts and payments on interest rate instruments are recognized on an accruals basis, over the life of the instrument. Gains and losses on instruments used for hedging are not recognized until the hedged position is recognized.

Cash flows associated with derivative financial instruments are classified in the cash flow statement in a manner consistent with those of the underlying transactions being hedged. If an instrument ceases to be accounted for as a hedge, for example, by the underlying hedged position being eliminated, the instrument is marked to market and any resulting gain or loss is recognized in the profit and loss account.

The Group does not hold or issue derivative financial instruments for speculative purposes.

o) Turnover

Turnover, which excludes value added tax and sales between Group companies, represents the value of products and services sold. The Group s main sources of turnover are recognized as follows:

Revenues from the provision of direct-to-home (DTH) subscription services are recognized as the services are provided. Pay-per-view revenue is recognized when the event, movie or football match is viewed.

Cable revenue is recognized as the services are provided to the cable wholesalers and is based on the number of subscribers taking the Sky Channels as reported to the Group by the cable companies and the applicable rate card.

Advertising sales revenues are recognized when the advertising is broadcast.

Interactive turnover includes income from betting and gaming, online advertising, internet, e-commerce, interconnect, text services and set-top box subsidy recovery revenues from conditional access and access control customers on the Sky digital platform. Betting and gaming revenues represent: a) amounts receivable in respect of bets placed on events which occur in the year; and b) net customer losses in the year in respect of the on-line casino operations. All other Interactive revenues are recognized when the goods or services are delivered.

Other revenue principally includes income from installations (net of any discount), service call revenues, warranty revenue, marketing contributions from third party channels, conditional access fees and access control fees. Other revenues are recognized, net of any discount given, when the relevant service has been provided.

p) Pension costs

The Group provides pensions to eligible employees through the BSkyB Pension Plan which is a defined contribution scheme. The amount charged to the profit and loss account in the year represents the cost of contributions payable by the Group to the scheme in that year. The assets of the BSkyB Pension Plan are held independently of the Group.

q) Leases

Assets held under finance leases are treated as tangible fixed assets. Depreciation is provided over the shorter of the lease term and the asset s useful economic life, and the deemed capital element of future rentals is included within creditors. Deemed interest is charged as interest payable over the period of the lease.

The rental costs arising from operating leases are charged to the profit and loss account in the year in which they are incurred.

2. Turnover

	2001	**2002**	**2003**
	£m	**£m**	**£m**
DTH subscribers	1,536.7	1,929.2	2,341.2
Cable and digital terrestrial television (DTT) subscribers	299.1	279.4	202.2
Advertising	270.5	250.7	283.6
Interactive	93.0	186.0	218.3
Other	106.7	130.8	140.7
	2,306.0	2,776.1	3,186.0

All Group turnover is derived from the Group s sole class of business, being television broadcasting together with certain ancillary functions, and arises principally within the United Kingdom from activities conducted from the United Kingdom, with the exception of £0.4 million of turnover (2002: £23.0 million; 2001: £65.2 million) which relates to activities conducted from the Channel Islands. The Group s sole class of business is consistent with its internal management reporting structure. In order to provide shareholders with additional information, the Group s turnover has been analyzed as shown above.

All turnover arises from services provided to the United Kingdom, with the exception of £92.9 million (2002: £62.4 million; 2001: £32.6 million) which arises from services provided to Ireland and £9.0 million (2002: £7.7 million; 2001: £5.4 million) which arises from services provided to the Channel Islands.

The Group s profit before tax and its net liabilities relate to activities conducted in the United Kingdom, with the exception of £0.8 million loss (2002: £0.3 million loss; 2001: £1.2 million loss) and £0.9 million of net assets (2002: £0.3 million net assets; 2001: £1.5 million net liabilities) which relate to activities conducted in the Channel Islands. The Group s loss before tax and its net liabilities in fiscal 2002 also included a £1,143.5 million loss (2001: £292.4 million loss) and nil assets (2001: £1,142.1 million net assets) which related to activities conducted in Germany.

Long-lived assets outside the United Kingdom comprise less than 10% of consolidated long-lived assets.

3. Operating expenses, net

	2001			2002			2003		
	Before goodwill and exceptional items	Goodwill and exceptional items	Total	Before goodwill and exceptional items	Goodwill and exceptional items	Total	Before goodwill and exceptional items	Goodwill and exceptional items	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Programming(i)	1,133.8		1,133.8	1,439.3		1,439.3	1,603.9		1,603.9
Transmission and related functions(i)	128.6		128.6	146.6	(4.1)	142.5	142.8		142.8
Marketing	378.1		378.1	416.6		416.6	400.5		400.5
Subscriber management	243.4		243.4	291.1		291.1	324.4		324.4
Administration	186.6	67.4	254.0	203.2	140.6	343.8	236.1	116.7	352.8
Betting	75.3		75.3	87.8		87.8	107.6		107.6
	2,145.8	67.4	2,213.2	2,584.6	136.5	2,721.1	2,815.3	116.7	2,932.0

(i) The amounts shown are net of £12.0 million (2002: £15.3 million; 2001: £55.1 million) receivable from the disposal of programming rights not acquired for use by the Group, and £25.5 million (2002: £23.7 million; 2001: £53.9 million) in respect of the provision to third party broadcasters of spare transponder capacity.

4. Exceptional items

	2001			2002			2003		
	Charge (credit) before taxation	Taxation charge	Total	Charge (credit) before taxation	Taxation (credit) charge	Total	Charge (credit) before taxation	Taxation charge (credit)	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Estimated cost of reorganization of Sky Interactive (k)	23.1		23.1						
Provision (release of provision) against ITV Digital programming debtors (a) (d)				22.3	(6.7)	15.6	(4.8)	1.4	(3.4)
Release of analog termination provision (e)				(4.1)	1.2	(2.9)			
Exceptional operating items	23.1		23.1	18.2	(5.5)	12.7	(4.8)	1.4	(3.4)
Joint ventures goodwill amortization, net (f)				971.4		971.4			
				(2.3)		(2.3)			

Profit on sale of fixed asset investment (g)									
Share of joint venture s operating exceptional item (l)	16.5		16.5						
Share of joint venture s loss on sale of fixed asset investment (m)	69.5		69.5						
Amounts written off fixed asset investments, net (see note 15) (b) (j) (n)	38.6		38.6	60.0		60.0	15.1		15.1
Provision (release of provision) for loss on disposal of subsidiary (h) (o)	10.0		10.0	(10.0)		(10.0)			
Finance credit (see note 6) (p)	(2.7)	0.8	(1.9)						
Write down (recognition) of deferred tax asset (c) (i)					83.3	83.3		(122.6)	(122.6)
Total exceptional items	155.0	0.8	155.8	1,037.3	77.8	1,115.1	10.3	(121.2)	(110.9)

2003

Exceptional operating items

a) ITV Digital

The Group provided in full against all unprovided balances owed by ITV Digital, following the announcement made on April 30, 2002 (see note (d) below). During the year, the Group received £4.8 million from ITV Digital s administrators and released £4.8 million of its exceptional operating provision accordingly.

Other exceptional items

b) Amounts written off fixed asset investments, net

At December 31, 2002, the Group made a further provision against its minority investments in football clubs, leading to a non-cash exceptional charge of £21.0 million. Subsequently, the Group reduced its provision against its investment in Chelsea Village plc at June 30, 2003 by £3.2 million, following the agreement to sell its minority investment in July 2003.

At December 31, 2002, the Group reduced its deferred revenue balance relating to minority investments in new media companies by £5.1 million, and reduced both its investment and its provision against the investment in these companies accordingly.

At December 31, 2002, the Group made a provision against its investment in Open TV shares, leading to a non-cash exceptional charge of £2.9 million, bringing the carrying value of the Group s investment in Open TV to £0.3 million. During February and March 2003, the Group disposed of its entire investment in Open TV shares, leading to a loss on disposal of £0.1 million.

c) Recognition of deferred tax asset

Following a review of the forecast utilization of tax losses within the Group, and as a consequence of a planned reorganization of certain assets within the Group, there is now sufficient evidence to support the recognition of a deferred tax asset arising on losses incurred in the Company. Accordingly, a deferred tax credit of £122.6 million has been recognized as an exceptional item.

2002

Exceptional operating items

d) ITV Digital

At March 27, 2002, the date on which the ITV Digital DTT platform was put into administration, the Group had balances owed to it and unprovided for, in respect of programming licensed to ITV Digital, of £22.3 million. On April 30, 2002, the joint administrators of ITV Digital announced the closure of pay television services on the platform and their intention to close the administration. Accordingly, the Group made an exceptional operating provision against the whole of this balance (see note (a) above).

e) Release of analog termination provision

On September 27, 2001, the Group terminated its analog operation. From the original exceptional operating provision of £41.0 million, taken at June 30, 2000, £4.1 million of provision had not been utilized at June 30, 2002, and was therefore released to the profit and loss account as an exceptional credit.

Other exceptional items

f) Joint ventures goodwill amortization, net

The exceptional item of £971.4 million of joint ventures goodwill amortization, net, relates to the impairment charge taken against the carrying value of the Group s interest in KirchPayTV of £984.9 million as at December 31, 2001, net of an amount of £13.5 million released from the provision matching the Group s share of losses for the period from January 1, 2002 to February 8, 2002, at which date the Group ceased to gross equity account for KirchPayTV s results (see notes 5 and 14).

g) Profit on sale of fixed asset investment

On July 2, 2001, the Group disposed of its unlisted investment in Static 2358 Limited, realizing a profit on disposal of £2.3 million (see note 15).

h) Release of provision for loss on disposal of subsidiary

On October 16, 2001, the Group and Ladbrokes, the betting and gaming division of Hilton Group plc, announced that they had agreed not to pursue the proposed joint venture to offer a fixed odds betting service on Sky Sports channels and other media. As a result, the provision for loss on disposal of the subsidiary, taken at June 30, 2001, was written back, resulting in a non-cash exceptional profit of £10.0 million (see note (o) below). The Group continues to operate and develop interactive TV betting services through its wholly-owned bookmaker, SkyBet (formerly known as Surrey Sports).

i) Write down of deferred tax asset

Following the impairment charge made in respect of the Group s investment in KirchPayTV at December 31, 2001 (see note 14) there was insufficient evidence to support the recognition of a deferred tax asset arising on losses incurred by certain UK companies. Accordingly, the deferred tax asset of £95.6 million was written off in full at December 31, 2001, although by June 30, 2002, £12.3 million of this amount had been written back due to the utilization of tax losses.

j) Amounts written off fixed asset investments

At December 31, 2001, the Group made a provision against its minority investments in football clubs, leading to a non-cash exceptional charge of £60.0 million.

2001

Exceptional operating items

k) Reorganization of Sky Interactive

In May 2001, the Group announced the consolidation of all of its interactive and online activities within the Sky Interactive division. The costs of reorganization within Sky Interactive were estimated at £23.1 million and principally comprised the cost of termination of certain contracts, the closure of duplicate sites and a reduction in headcount. Of these costs, £7.0 million were included within fixed assets, £4.0 million were included within other creditors and the remainder within provisions.

Other exceptional items

l) Share of joint venture s operating exceptional item

In April 2001, BiB incurred exceptional operating costs of £16.5 million, which principally comprised the cost of the write-down of the current platform. Of these costs, £13.1 million were included within fixed assets and the remainder within provisions.

m) Share of joint venture s loss on sale of fixed asset investment

On August 31, 2000, KirchPayTV disposed of their remaining 58 million holding of BSkyB shares. The Group s share of the loss on disposal was £69.5 million. The loss was calculated as the Group s share of the difference between the balance sheet value of the 58 million shares at £15.21 per share (based on the value of the shares at the date of acquisition of 24% of KirchPayTV by the Group) and the net proceeds realized by KirchPayTV of £10.05 per share.

n) Amounts written off fixed asset investments

At June 30, 2001, £38.6 million was provided against the Group s minority investments in new media companies.

o) Provision for loss on disposal of subsidiary

On July 11, 2001, the Group and Ladbrokes, the betting and gaming division of Hilton Group plc, reached agreement to form a 50:50 joint venture to develop and operate a fixed-odds and pools betting business linked to Sky channels on Sky digital. The agreement was for the Group to contribute its wholly-owned bookmaker, Surrey Sports, to the joint venture and a provision was made in the year to June 30, 2001 for the adjustment to existing goodwill which would have been necessary when Surrey Sports was transferred to the new joint venture. This provision was subsequently reversed when the Group and Ladbrokes agreed not to pursue the proposed joint venture in October 2001 (see note (h) above).

p) Finance credit

An exceptional accrual was made in June 1999 in respect of the mark-to-market of a floating-to-fixed interest rate swap over £100 million of the £1,000 million revolving credit facility (RCF) which was no longer required when the RCF was cancelled and replaced with a £750 million RCF. The swap was closed out in September 2000, and the remaining accrual of £2.7 million was released.

5. Share of operating results of joint ventures

	2001	2002	2003
	£m	£m	£m
KirchPayTV operating loss	(116.0)	(70.0)	
BiB	(118.9)		
BiB exceptional item (see note 4)	(16.5)		
Programming joint ventures operating (loss) profit, net	(4.3)	(6.7)	3.4
Total (losses) profits	(255.7)	(76.7)	3.4

This relates to the Group s equity share of the operating results of the Group s joint ventures.

KirchPayTV

By February 8, 2002, the Group considered that its relationship with KirchPayTV had irrevocably changed and that the Group had not exercised significant influence since that date. Therefore, the Group believed that, from February 8, 2002, it was no longer appropriate to account for its interest in KirchPayTV as a joint venture, and ceased accounting for KirchPayTV s losses using the gross equity method from that date.

As the Group has no intention of providing any future funding to KirchPayTV and the Group, on a consolidated basis, has no financial commitments, outstanding financial liabilities or contingent liabilities in respect of KirchPayTV, an amount of £13.5 million was released from the impairment provision made at December 31, 2001, in order to match the Group s share of KirchPayTV s losses for the period from January 1, 2002 to February 8, 2002.

BiB

The Group recognized 32.5% of the results of BiB up until November 2000. From this date to May 9, 2001, 100% of BiB s losses were recognized due to the agreement dated July 17, 2000, under which the Group agreed to provide 100% of BiB s funding after existing funding had been utilized. From May 9, 2001, the Group fully consolidated BiB as a subsidiary.

6. Interest

a) Interest receivable and similar income

	2001	2002	2003
	£m	£m	£m
Interest receivable on short-term deposits	3.8	8.2	2.6
Share of joint ventures interest receivable	3.5	2.0	0.5
Interest receivable on funding to joint ventures	10.4	0.3	0.1
Other interest receivable and similar income	0.5	0.6	0.5
	18.2	11.1	3.7
Exceptional finance credit (see note 4)	2.7		
	20.9	11.1	3.7

b) Interest payable and similar charges

	2001	2002	2003
	£m	£m	£m
On bank loans, overdrafts and other loans repayable within five years, not by installments:			
£200 million RCF (previously £300 million RCF)*	0.8	10.8	2.5
£750 million RCF**	38.5	46.3	27.0
£600 million RCF**			3.7
US$650 million of 8.200% Guaranteed Notes, repayable in 2009	31.6	31.6	31.1
£100 million of 7.750% Guaranteed Notes, repayable in 2009	7.8	7.8	7.8
US$600 million of 6.875% Guaranteed Notes, repayable in 2009	30.1	30.1	30.1
US$300 million of 7.300% Guaranteed Notes, repayable in 2006	15.5	15.1	13.8
Finance lease interest	0.9	1.0	1.0
Share of joint ventures interest payable	27.8	4.9	0.3
Other interest payable and similar charges	0.3	0.4	0.9
	153.3	148.0	118.2

* In March 2003, the Group voluntarily cancelled £100 million of its £300 million RCF. The maturity date of the resultant £200 million RCF is still June 2004.

** In addition, in March 2003 the Group entered into a new £600 million RCF. This facility was used to cancel the £750 million RCF, which was entered into in July 1999, and will be used for general corporate purposes. The new £600 million RCF has a maturity date of March 2008.

7. (Loss) profit on ordinary activities before taxation

The (loss) profit on ordinary activities before taxation is stated after charging (crediting):

	2001	2002	2003
	£m	£m	£m
depreciation (see note 13)			
owned assets	70.8	79.5	96.2
assets held under finance leases	0.3	1.6	1.7
amortization and impairment of intangible fixed assets (see note 12)	44.3	118.4	121.5
joint ventures goodwill amortization, net (see note 14)	101.1	1,069.9	
amounts written off fixed asset investments, net (see note 15)	38.6	60.0	15.1
profit on disposals of fixed assets and fixed asset investments		(2.3)	(0.2)
rentals on operating leases and similar arrangements:			
land and buildings	7.2	8.2	9.0
plant and machinery	112.2	76.4	80.0
sub-lease rentals on operating leases received in respect of plant and machinery	(53.9)	(23.7)	(25.5)
sub-lease rentals on operating leases received in respect of land and buildings	(1.4)	(1.4)	(1.5)
staff costs (see note 8)	260.9	276.9	299.1

Amounts payable to the auditors are analyzed below:

	2001	2002	2003
	£m	£m	£m
Statutory audit services	0.6	0.7	0.8
Audit-related fees	0.4	0.8	0.6
Audit and audit-related services	1.0	1.5	1.4
Tax advisory services	0.6	0.4	0.6
Customer relationship management center development	4.9	4.8	5.1
Website development	6.0	0.5	
Other services	1.9	1.0	0.7
Non-audit-related services	12.8	6.3	5.8

During the year, the auditors received £5.1 million (2002: £4.8 million; 2001: £4.9 million) in respect of on-going contact center development services. Due to the complex and long-term nature of the infrastructure development work, the Group is satisfied that Deloitte & Touche should continue to provide these services.

In addition to the amounts above, the Group understands that, during fiscal 2002, its auditors indirectly received £4.0 million (2001: £2.9 million) from the Group, through the performance of sub-contracted services for one of the Group s customer relationship management center consultants. The Group understands that no such payments were made during 2003.

8. Staff costs

a) Employee costs

Employee costs for permanent and temporary employees, and Executive Directors during the year amounted to:

	2001	2002	2003
	£m	£m	£m
Wages and salaries	213.2	227.1	234.3
Costs of LTIP, KCP, EBP and other share-related bonus schemes	14.0	17.2	27.4
Social security costs	25.4	22.0	25.9
Other pension costs	8.3	10.6	11.5

	260.9	276.9	299.1

The Group operates a defined contribution pension scheme through the BSkyB Pension Plan. The pension charge for the year represents the cost of contributions payable by the Group to the Plan during the year and amounted to £11.5 million (2002: £10.6 million; 2001: £8.3 million). The Group s contributions owing to the plan at June 30, 2003 were £0.8 million (2002: £0.7 million).

The average monthly number of full time equivalent people (including temporary employees) employed by the Group during the year was as follows:

	2001	**2002**	**2003**
	Number	**Number**	**Number**
Programming	1,134	1,131	1,106
Transmission and related functions	1,071	1,274	1,383
Marketing	173	193	199
Subscriber management	6,472	5,432	5,381
Administration	872	965	954
Betting	226	88	109
	9,948	9,083	9,132

There are approximately 1,115 temporary staff included within the average number of full time equivalent people employed by the Group.

b) Directors emoluments

The emoluments of the Directors for the year are shown below:

	Total emoluments including pensions 2001	Total emoluments including pensions 2002	Salary and fees	Bonus schemes	Benefits	Total emoluments before pensions	Pensions	Total emoluments including pensions 2003
	£	£	£	£	£	£	£	£
Executive								
Tony Ball	1,964,383	2,049,343	762,134	1,500,000	41,436	2,303,570	156,167	2,459,737
Martin Stewart	821,451	713,517	400,000	500,000	24,750	924,750	31,686	956,436
Non-Executive								
Rupert Murdoch			17,741			17,741		17,741
Philip Bowman	30,750	45,000	46,750			46,750		46,750
Chase Carey(i)			13,946			13,946		13,946
David DeVoe			17,741			17,741		17,741
David Evans		27,057	39,994			39,994		39,994
Allan Leighton	25,500	39,698	41,750			41,750		41,750
James Murdoch(ii)			13,946			13,946		13,946
Jacques Nasser(iii)			26,923			26,923		26,923
Gail Rebuck(iv)			25,596			25,596		25,596
Arthur Siskind			15,843			15,843		15,843
Lord St. John of Fawsley	25,500	35,000	40,673			40,673		40,673
John Thornton	28,125	49,522	53,744			53,744		53,744
Lord Wilson of Dinton(v)			13,946			13,946		13,946
Leslie Hinton(vi)								
Martin Pompadur(vii)								
Former directors	120,268							
Total emoluments	**3,015,977**	**2,959,137**	**1,530,727**	**2,000,000**	**66,186**	**3,596,913**	**187,853**	**3,784,766**

(i) Chase Carey was appointed a Director of the Company on February 13, 2003.
(ii) James Murdoch was appointed a Director of the Company on February 13, 2003.
(iii) Jacques Nasser was appointed a Director of the Company on November 8, 2002.
(iv) Gail Rebuck was appointed a Director of the Company on November 8, 2002.
(v) Lord Wilson of Dinton was appointed a Director of the Company on February 13, 2003.
(vi) Leslie Hinton resigned as a Director of the Company on February 13, 2003.
(vii) Martin Pompadur resigned as a Director of the Company on February 13, 2003.

Executive bonuses

The amounts received by the Directors under bonus schemes for the year are shown below:

	Additional Executive Bonus Scheme(i)	Senior Management Bonus Scheme(ii)	Total
	£	£	£
Executive			
Tony Ball		1,500,000	1,500,000
Martin Stewart		500,000	500,000

(i) Additional Executive Bonus Scheme

Tony Ball has rights over 600,000 notional shares which became exercisable during the year. The notional shares have an exercise price of £5.35 but the gain on exercise is limited to a maximum of 48 pence per notional share.

During the year to June 30, 2003 no shares (notional or actual) were awarded or exercised under this scheme.

(ii) Senior Management Bonus Scheme

The amounts shown above are those which have been approved by the Remuneration Committee for the year ended June 30, 2003.

PENSION

The amounts received by the Directors under pension arrangements are detailed below.

During the year the Company reviewed the operation of its pension arrangements for Executive Directors and Senior Executives whose Pension Plan contributions are restricted due to Inland Revenue limits. For these Executives, in the first instance, employee contributions are reduced and where employer contributions need to be restricted, a cash supplement is paid to the individual equal to the shortfall in the 8% employer contribution rate.

Tony Ball received a one-off payment of £113,883 and a further payment of £10,421 in relation to the shortfall in his pension arrangements that resulted from historical differences between employer contributions, as capped by Inland Revenue limits, and 8% of his pensionable salary. Employer contributions of £31,863 were paid into the BSkyB Pension Plan.

Martin Stewart received a further payment of £4,213 in relation to the shortfall in his pension arrangements, as described above. Employer contributions of £27,473 were paid into the BSkyB Pension Plan.

SHARE OWNERSHIP

LTIP

Details of outstanding awards receivable under the LTIP are shown below:

	Number of shares under award							
	At June 30, 2002	Granted during the year	Exercised during the year	At June 30, 2003	Exercise price	Market price at date of exercise	Date from which exercisable	Expiry date

Name of Directors								
Tony Ball	454,000(i)			454,000	£ 10.04	N/A	03.11.02	03.11.10
	454,000(i)			454,000	£ 10.04	N/A	30.06.03	03.11.10
	454,000(i)			454,000	£ 8.30	N/A	30.06.03	21.11.11
	454,000(ii)			454,000	£ 8.30	N/A	30.06.04	21.11.11
		227,110(iii)		227,110	£ 5.55	N/A	31.07.04	31.07.12
		227,110(iii)		227,110	£ 5.55	N/A	31.07.05	31.07.12
		11,466(iii)		11,466	£ 5.60	N/A	31.07.04	31.07.12
		11,466(iii)		11,466	£ 5.60	N/A	31.07.05	31.07.12
Martin Stewart	227,000(i)			227,000	£ 10.04	N/A	03.11.02	03.11.10
	227,000(i)			227,000	£ 10.04	N/A	30.06.03	03.11.10
	227,000(i)			227,000	£ 8.30	N/A	30.06.03	21.11.11
	227,000(ii)			227,000	£ 8.30	N/A	30.06.04	21.11.11
		113,555(iii)		113,555	£ 5.55	N/A	31.07.04	31.07.12
		113,555(iii)		113,555	£ 5.55	N/A	31.07.05	31.07.12
		5,733(iii)		5,733	£ 5.60	N/A	31.07.04	31.07.12
		5,733(iii)		5,733	£ 5.60	N/A	31.07.05	31.07.12

Awards under the LTIP take the form of a market value option with a cash bonus equal to the lower of the exercise price and the share price at the date of exercise, with the exception of shares awarded as part of an agreement to meet the employer s National Insurance obligations, which do not attract a cash bonus.

The aggregate gain made by the Directors under the LTIP during the year was nil (2002: £7,777,500).

Notes:

(i) These awards vested during the year.

(ii) These awards will vest subject to meeting performance conditions on June 30, 2004. The vesting date for this award was amended during the year from an original vesting date of July 31, 2004, in order to align the vesting date with the Company s financial year.

(iii) In August 2002, awards were granted over performance periods ending in July 2004 and July 2005.

Equity Bonus Plan

	Number of shares under award							
	At June 30, 2002	Granted during the year	Exercised during the year	At June 30, 2003	Exercise price(i)	Market price at date of exercise	Date from which exercisable	Expiry date
Name of Directors								
Tony Ball		52,000		52,000	N/A	N/A	31.07.04	31.07.12
		52,000		52,000	N/A	N/A	31.07.05	31.07.12
Martin Stewart		26,000		26,000	N/A	N/A	31.07.04	31.07.12
		26,000		26,000	N/A	N/A	31.07.05	31.07.12

Note:

(i) Awards under the EBP take the form of a contingent right to acquire existing BSkyB shares at the vesting date, for nil consideration.

The performance conditions applicable to the awards under the EBP were measured at June 30, 2003. The plan will deliver the shares in equal measures at July 31, 2004 and July 31, 2005.

Executive share options

Details of all outstanding options held under the Executive Schemes and Sharesave Scheme are shown below:

	Number of options							
	At June 30, 2002	Granted during the year	Exercised during the year	At June 30, 2003	Exercise price	Market price at date of exercise	Date from which exercisable	Expiry date
Name of Directors								
Tony Ball	5,145(i)			5,145	£ 5.83	N/A	12.08.02	12.08.09
	594,855(i)			594,855	£ 5.83	N/A	12.08.02	12.08.06
	600,000			600,000	£ 7.35	N/A	05.06.05	05.06.12
Martin Stewart	2,096(ii)		2,096		£ 4.62	£ 6.62		

Note:

(i) The options, granted to Tony Ball on August 12, 1999, became exercisable during the year.

(ii) These options were granted under the Company s Sharesave Scheme and were exercised on May 22, 2003 following their maturity. The gain on exercise of the Sharesave options was £4,192.

During the year ended June 30, 2003 the share price traded within the range of £4.58 to £7.06 per share. The middle-market closing price on the last working day of the financial year was £6.72.

9. Taxation

a) Analysis of charge (credit) in year

	2001			2002			2003		
	Tax charge on profit before exceptional items	Exceptional tax charge	Total	Tax charge on profit before exceptional items	Exceptional tax charge (ii)	Total	Tax charge (credit) on profit before exceptional items	Exceptional tax charge (credit)	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Current tax							85.0	1.4	86.4
Deferred tax:									
Origination and reversal of timing differences	23.3	0.8	24.1	27.3	77.8	105.1	(26.6)	(122.6)	(149.2)
Increase in estimate of recoverable deferred tax asset in respect of prior years							(1.8)		(1.8)
Total deferred tax (i)	23.3	0.8	24.1	27.3	77.8	105.1	(28.4)	(122.6)	(151.0)
Share of joint ventures tax charge				1.3		1.3	2.1		2.1
	23.3	0.8	24.1	28.6	77.8	106.4	58.7	(121.2)	(62.5)

(i) During the year the Group recorded a deferred tax credit of £163.3 million relating to deferred tax assets not previously recognized. The Directors consider that there is now sufficient evidence to support the recognition of these deferred tax assets on the basis that it is more likely than not that there will be suitable taxable profits against which these assets can be utilized. £122.6 million of the deferred tax credit has been treated as an exceptional item.

(ii) An exceptional deferred tax charge of £95.6 million was made at December 31, 2001, against which £12.3 million has been written back at June 30, 2002 as a result of the utilization of tax losses. This was offset by a £5.5 million tax credit on a provision against ITV Digital s programming debtor and the release of the analog termination provision, treated as exceptional operating items.

b) Factors affecting the current tax charge for the year

The current tax charge for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2001	2002	2003
	£m	£m	£m
(Loss) profit on ordinary activities before tax	(514.5)	(1,276.2)	127.8
Less: Share of joint ventures loss (profit) before tax	350.0	79.6	(3.6)
(Loss) profit on ordinary activities before tax	(164.5)	(1,196.6)	124.2
(Loss) profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002 and 2001: 30%)	(49.4)	(359.0)	37.3
Effects of:			
Write-down of KirchPayTV not deductible for tax purposes		291.4	
Other expenses not deductible for tax purposes (primarily goodwill amortization)	63.9	77.8	42.5
Other timing differences	(2.9)	19.2	11.8
Utilization of tax losses	(11.3)	(30.6)	(7.3)
Consortium relief	(0.3)	1.2	2.1
Current tax charge for the year			86.4

c) Factors that may affect future tax charges

At June 30, 2003, a deferred tax asset of £12.5 million (2002: £149.6 million) arising from UK losses in the Group, has not been recognized. These losses can be offset only against taxable profits generated in the entities concerned. Although the Directors ultimately expect sufficient profits to arise, there is currently insufficient evidence to support recognition of a deferred tax asset relating to these losses. The losses are available to be carried forward indefinitely under current law.

Deferred tax assets of £63.7 million (2002: £63.7 million) have not been recognized in respect of trading losses in the Group s German holding companies of KirchPayTV, and £450.0 million (2002: £450.0 million) have not been recognized in respect of potential capital losses related to the Group s holding of KirchPayTV. These losses are available to be carried forward indefinitely under current law. A deferred tax asset of £4.6 million (2002: £18.0 million) arising principally on other timing differences has not been recognized on the basis that these timing differences are not more likely than not to reverse.

10. Dividends

The Directors do not propose an interim or final dividend for the financial year (2002: nil; 2001: nil). At June 30, 2003, the Company had a deficit on its company-only profit and loss account reserve of £1,120.4 million. The Company is currently not in a position to pay a dividend.

The ESOP has waived its rights to dividends.

11. (Loss) earnings per share

Basic (loss) earnings per share represents the (loss) profit on ordinary activities after taxation attributable to the equity shareholders, divided by the weighted average number of Ordinary Shares in issue during the year, less the weighted average number of shares held in the Group s ESOP trust during the year.

Diluted (loss) earnings per share represents the (loss) profit on ordinary activities after taxation attributable to the equity shareholders divided by the weighted average number of Ordinary Shares in issue during the year, less the weighted average number of shares held in the Group s ESOP trust during the year plus the weighted average number of dilutive shares resulting from share options and other potential shares outstanding during the year (see below).

The weighted average number of shares in the year was:

	2001	2002	2003
	Millions of shares	Millions of shares	Millions of shares
Ordinary Shares	1,851.1	1,891.2	1,921.2
ESOP trust shares	(4.0)	(3.8)	(6.2)
Basic shares	1,847.1	1,887.4	1,915.0
Dilutive Ordinary Shares from share options and other potential Ordinary Shares outstanding	*	*	27.2
Diluted shares	1,847.1	1,887.4	1,942.2

* As the Group made a loss on ordinary activities after taxation in 2001 and 2002, no share options or other potential Ordinary Shares outstanding were considered to be dilutive.

The number of anti-dilutive shares at June 30, 2003 was 36,779,664 shares (2002: 83,438,705 shares; 2001: 70,237,843 shares) which comprised share options of 36,779,664 (2002: 42,845,578 shares; 2001: 32,712,169 shares) and deferred consideration of nil (2002: 40,593,127 shares; 2001: 37,558,480 shares).

12. Intangible fixed assets

The movement in the year was as follows:

	Goodwill(i),(ii)	Other intangible fixed assets	Total
	£m	£m	£m
Cost			
At June 30, 2001	842.6	1.0	843.6
Fair value adjustments to BiB provisional goodwill	(22.9)		(22.9)
Disposals		(0.6)	(0.6)
At June 30, 2002	819.7	0.4	820.1
At June 30, 2003	**819.7**	**0.4**	**820.1**
Amortization			
At June 30, 2001	54.2	0.1	54.3
Charge	118.3	0.1	118.4
Release of provision for loss on disposal of subsidiary (see note 4)	(10.0)		(10.0)
At June 30, 2002	162.5	0.2	162.7
Charge	116.3		116.3
Impairment losses (ii)	5.2		5.2
At June 30, 2003	**284.0**	**0.2**	**284.2**
Net book value			
At June 30, 2001	788.4	0.9	789.3
At June 30, 2002	657.2	0.2	657.4
At June 30, 2003	**535.7**	**0.2**	**535.9**

Goodwill

(i) Goodwill of £272.4 million, £542.1 million and £5.2 million, arising on the acquisitions of SIG, BiB and WAPTV respectively, is being amortized over periods of seven years on a straight-line basis.

In accordance with FRS 11, impairment reviews were performed on the carrying values of BiB and SIG goodwill balances at the end of the first full financial year after acquisition, at June 30, 2002. These reviews showed that no impairment was identified in either case. Consistent with the

Group strategy, the business plans on which these reviews were based reflected significant projected increases in betting and other interactive revenues over the subsequent five years. Since the time of these reviews the performance of these operations has been broadly in line with the forecasts in the business plans used for these reviews, and no indications of impairment have arisen.

(ii) At December 31, 2002, the Group made a provision of £5.2 million, included within amortization, against goodwill which arose on the acquisition of Opta Index Limited (Opta) (a subsidiary of SIG, which provides statistics on the sports industry), reducing the carrying value of the goodwill to nil. The provision was made as a result of the Group s announcement in December 2002 that it would close Opta.

Other intangible fixed assets

Other intangible fixed assets comprise internet domain names, which are being amortized over a period of seven years on a straight-line basis. During fiscal 2002, the Group disposed of betting shop licenses that were included in other intangible fixed assets.

13. Tangible fixed assets

The movement in the year was as follows:

	Freehold land and buildings(i)	Short leasehold improvements	Equipment, fixtures and fittings(ii)	Assets in course of construction	Total
	£m	£m	£m	£m	£m
Cost					
At June 30, 2001	29.9	80.5	481.5	7.0	598.9
Additions	8.0	3.0	75.8	27.9	114.7
Disposals		(0.2)	(7.9)		(8.1)
Transfers			5.0	(5.0)	
At June 30, 2002	37.9	83.3	554.4	29.9	705.5
Additions	0.4	3.2	73.0	24.8	101.4
Disposals			(10.9)		(10.9)
Transfers			25.8	(25.8)	
At June 30, 2003	**38.3**	**86.5**	**642.3**	**28.9**	**796.0**
Depreciation					
At June 30, 2001	5.0	39.7	238.8		283.5
Charge	1.0	3.7	76.4		81.1
Transferred from provisions			4.5		4.5
Disposals		(0.1)	(6.5)		(6.6)
At June 30, 2002	6.0	43.3	313.2		362.5
Charge	2.3	4.0	91.6		97.9
Disposals			(10.6)		(10.6)
At June 30, 2003	**8.3**	**47.3**	**394.2**		**449.8**
Net book value					
At June 30, 2001	24.9	40.8	242.7	7.0	315.4
At June 30, 2002	31.9	40.0	241.2	29.9	343.0
At June 30, 2003	**30.0**	**39.2**	**248.1**	**28.9**	**346.2**

(i) The amounts shown include assets held under finance leases with a net book value of £6.3 million (2002: £6.7 million). The cost of these assets was £8.6 million (2002: £8.6 million) and the accumulated depreciation was £2.3 million (2002: £1.9 million). Depreciation charged during the year on these assets was £0.4 million (2002: £0.3 million; 2001: £0.3 million).

Depreciation was not charged on £9.4 million of land (2002: £9.4 million).

(ii) The amounts shown include assets held under finance leases with a net book value of £2.3 million (2002: £3.6 million). The cost of these assets was £4.9 million (2002: £4.9 million) and the accumulated depreciation was £2.6 million (2002: £1.3 million). Depreciation charged during the year on these assets was £1.3 million (2002: £1.3 million; 2000: nil).

14. Investments in joint ventures

The movement in the year was as follows:

	2002	2003
	£m	£m
Cost and funding, excluding goodwill		
Beginning of year	217.9	224.7
Loans advanced to joint ventures	11.6	14.6
Loans repaid by joint ventures	(4.8)	(4.5)
End of year	224.7	234.8
Transfer to creditors(i)	1.6	2.6
Movement in share of underlying net assets		
Beginning of year	(195.7)	(204.5)
Share of operating results of joint ventures (see note 5)	(76.7)	3.4
Share of joint ventures interest receivable (see note 6)	2.0	0.5
Share of joint ventures interest payable (see note 6)	(4.9)	(0.3)
Share of joint ventures tax charges (see note 9)	(1.3)	(2.1)
Dividends received from joint venture		(4.0)
Exchange adjustments	1.4	
Transferred to other fixed asset investments	70.7	
End of year	(204.5)	(207.0)
Goodwill		
Beginning of year	1,140.6	
Amortization	(98.5)	
Amounts provided, net (see note 4)	(971.4)	
Transferred to other fixed asset investments	(70.7)	
End of year		
Net book value(ii)		
Beginning of year	1,163.7	21.8
End of year	21.8	30.4

(i) The investment in joint ventures excludes cumulative losses of £2.6 million (2002: £1.6 million), which represent losses in excess of the funding provided. The related obligation is recorded within creditors.

(ii) The net book value above includes listed investments with a net book value of £5.0 million at June 30, 2003 (2002: £6.2 million). The aggregate market value of these investments at June 30, 2003 was £4.8 million (2002: £3.5 million).

KirchPayTV

At December 31, 2001, the carrying value of the Group s investment in its KirchPayTV joint venture was written down to nil, following an exceptional charge to joint ventures goodwill amortization of £984.9 million. Joint ventures goodwill amortization also included goodwill amortization of £98.5 million for the six months ended December 31, 2001. The Group s investment in KirchPayTV was treated as a joint venture until February 8, 2002, after which date the Group considered that it was no longer able to exercise significant influence over KirchPayTV. Accordingly on February 8, 2002, the investment was transferred within Fixed Asset Investments to Other investments at a net book value of nil. On August 1, 2002, formal insolvency proceedings were opened for KirchPayTV. The Group does not expect to receive any funds from these proceedings. On May 13, 2002, the Group exercised a put option to transfer its interest in KirchPayTV to Taurus Holding GmbH & Co KG, a company which became the subject of formal insolvency proceedings on September 13, 2002. The Group does not expect to receive a significant amount, if any, from the exercise of its put option.

The following information is given in respect of the Group s share of all joint ventures:

	2001(i)